



# Section 3

# Compliance

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Prepared By

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**ALTERNATIVE FORMATS FOR DISABLED  
PERSONS ARE AVAILABLE UPON REQUEST**

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North Dakota Department of Community Services (DCS) does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, or sexual or affectional orientation in the provision of services.

## **Introduction**

Section 3 is a provision in the Housing and Urban Development Act of 1968 with a goal of providing economic opportunities to “Section 3 Residents” and “Section 3 Business Concerns” where “Section 3 Covered Assistance” from HUD is expended on a “Section 3 Covered Project.”

Section 3 applies to certain federally funded activities and the entities involved in them. See [Attachment B](#) for a depiction of how, when, where, and to whom Section 3 applies.

## **Chapter 1 – Section 3**

### **1.01 What is a Section 3 Covered Project?**

For the DCS's purposes, a covered project consists of construction, rehabilitation, or conversion of housing (including abatement of lead-based paint hazards) or other public construction such as street repair, sewage line repair, replacement, or installation, updates to facades, etc.

### **1.02 What is a Section 3 Business Concern?**

A business that can provide evidence that they meet one of the following criteria:

- At least 51% owned by Section 3 residents,
- At least 30% of its F.T. employees are Section 3 residents, or were Section 3 residents within 3 years of their first employment with the company,
- Provide evidence of a commitment to subcontract more than 25% of the dollar award of all subcontracts to business concerns that meet the first two bullets.

A business must complete [Attachment E](#) - Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability for the DCS to determine whether or not it qualifies as a Section 3 business. To find a HUD Section 3 business in your area, visit <https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness>

### **1.03 What is Section 3 Covered Assistance?**

With respect to DCS's programs, covered assistance is provided under most HUD funding expended for housing and community development assistance (including housing rehabilitation, housing construction, or other public construction).

### **1.04 What is a Section 3 Covered Contract?**

A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. It does not include contracts for the purchase of supplies and materials without installation.

### **1.05 What is a Section 3 Resident?**

A resident of the metropolitan statistical area or non-metropolitan County in which the Section 3 covered assistance is expended who is either:

- A public housing resident; or
- A low or very low-income person.

To determine if a resident meets the Section 3 definition, the resident must complete and submit the Resident Employment Opportunity Data form ([Attachment F](#)) to the employer.

## 1.06 Reporting Requirements

Recipients are required to collect a Section 3 Data Form from each contractor and subcontractor working on Section 3 covered projects. The forms cover the period from July 1 of each year (the beginning of our program year) to either the completion of the project, or June 30 of the following year, whichever occurs first. The data form is attached as [Attachment K](#). See [Attachment A.1](#) and [Attachment A.2](#) for further guidance on Section 3 reporting requirements.

## 1.07 What is a Recipient?

A “recipient” is any entity that receives Section 3 covered assistance either directly from HUD or from another recipient.

Examples of recipients would be:

- Nonprofits
- Local Governments
- Developers who receive Section 3 covered assistance from the DCS and are not doing any of the construction themselves, but are contracting with others to perform construction. This includes Community Development Organizations (CHDO’s).

## 1.08 Who is not a Recipient?

- Contractors are not recipients. Contractor means any entity contracted by a recipient to perform construction.
- The ultimate beneficiary under a HUD program is not a recipient. An example of an “ultimate beneficiary” is a tenant living in an assisted property.

## 1.09 Who is Affected?

- Recipients of more than \$200,000 of Section 3 covered assistance; and,
- Their contractors and subcontractors with contracts of more than \$100,000 for housing construction, and public construction **regardless of the source of funds to pay the contract**. See [Attachment B](#).

For example, a recipient combines \$300,000 HOME funds with \$120,000 of project reserves for a total project cost of \$420,000. Even though the recipient chooses to pay the \$120,000 contract for a heating system replacement with project reserves, that heating contractor is subject to Section 3.

## 1.10 Numerical Goals “aka” Safe Harbor

DCS is evaluated according to how well its subs, contractors, and subcontractors meet the following numerical goals with respect to Section 3 covered projects:

- 30% of aggregate *new* hires of recipients, contractors, and subcontractors for the year are Section 3 residents.

- At least 10% of the total dollar amount of all Section 3 covered contracts for construction-type work is awarded to Section 3 business concerns.
- At least 3% of the total dollar amount of all other Section 3 covered contracts is awarded to Section 3 business concerns; for example, architectural or accounting services required by a construction contract.

### **1.11 Recipient Responsibilities**

The DCS and its subrecipients are defined as recipients for the purposes of Section 3. As recipients, the DCS and its subrecipients are responsible for the actions specified in 24 CFR 135.32:

- Complying with Section 3 in their own operations and in the operations of their contractors and subcontractors.
- Implementing procedures designed to notify Section 3 residents about training and employment opportunities and Section 3 covered businesses about contracting opportunities generated by Section 3 covered assistance.
- Notifying potential contractors of the Section 3 requirements and incorporating the Section 3 Clause in §135.38 in all solicitations and contracts.
- Facilitate the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns by undertaking activities such as described in 24 CFR Part 135-Section 3 Requirements at the following link: <https://www.hudexchange.info/resources/documents/24-Cfr-Part-135-Section-3-Regulations.pdf>
- Obtain the compliance of contractors and subcontractors and do not enter into contracts when it has notice or knowledge that a contractor has violated Part 135.
- Document steps taken to comply with Part 135, the results of actions taken, and any impediments.
- DCS, having distributed funds to local governments and/or owners/developers, must attempt to reach the numerical goals of §135.30; must inform the local government and/or owners/developers of Section 3 requirements; assist them and their contractors to meet Section 3 requirements and objectives; and monitor the performance of local governments with respect to the objectives and requirements of Part 135.

At the time of the project selection the DCS will provide this Section 3 Compliance Guide that includes Attachments A-M to assist the recipient in complying with Section 3 requirements.

### **1.12 Contractor/Subcontractor Responsibilities**

- If the contractor/subcontractor must hire *new* employees to complete the project or needs to subcontract portions of the work to another business, they are required to direct their newly created employment and subcontracting opportunities to Section 3 residents and Section 3 business concerns to try to reach the numerical goals specified above.

- Contractors and subcontractors must initiate, document, and report to the recipient their efforts to offer training and employment opportunities to Section 3 residents when hiring is required for the project as well as their efforts to award contracts to Section 3 business concerns.
- Report to the recipient their hiring and contracting results.
- Include the “Section 3 Clause” in all their Section 3 covered contracts.

Recipients must provide [Attachment D](#) (Contractor/Subcontractor Section 3 Compliance Checklist) to prospective contractors before bidding, but no later than acceptance of a contractor’s bid, in order to make them aware of all their Section 3 responsibilities.

### **1.13 Sec. 135.38 Section 3 Clause**

All Section 3 covered contracts will include the Section 3 clause contained [Attachment G](#) in their bid packages and contracts.

### **1.14 Bid Package/Contract Requirements**

All bid packages (CDBG) and contracts (HOME) must include the required Attachments contained in [Attachment A.1](#) and [Attachment A.2](#).

Additionally, [Attachment M](#) (Existing Employee List) must be submitted with each bid package and contract. Any Section 3 attachments, or other required documentation, not provided with the bid package or contract upon bid opening will qualify nonresponsive and therefore void. (A two business day perfection window will be granted from the time of bid opening for bidders to submit required Section 3 documentation).

### **1.15 Request for Funds**

[Attachment L](#) (Section 3 Contracting Opportunities for Each Financial Draw) must be submitted with every request of funds.

Additionally, [Attachment F](#) (Resident Employment Opportunity Data) must be submitted with the draw following the hire of a new employee.

Fund requests will be withheld until these documents are provided.

## **Attachment Index**

<a href="#"><u>Attachment A.1</u></a>	Attachment Guide for Section 3 (HOME only)
<a href="#"><u>Attachment A.2</u></a>	Attachment Guide for Section 3 (CDBG only)
<a href="#"><u>Attachment B</u></a>	How, When, Where and to Whom Section 3 Applies
<a href="#"><u>Attachment C</u></a>	Recipient Section 3 Compliance Checklist
<a href="#"><u>Attachment D</u></a>	Contractor/Subcontractor Section 3 Compliance Checklist
<a href="#"><u>Attachment E</u></a>	Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capacity
<a href="#"><u>Attachment F</u></a>	Resident Employment Opportunity Data
<a href="#"><u>Attachment G</u></a>	Section 3 Clause
<a href="#"><u>Attachment H</u></a>	Contractor/Subcontractor Section 3 Compliance Plan
<a href="#"><u>Attachment I</u></a>	Contractor Compliance Plan
<a href="#"><u>Attachment J</u></a>	Section 3 Data
<a href="#"><u>Attachment K</u></a>	Section 3 Contracting Opportunities for Each Financial Draw
<a href="#"><u>Attachment L</u></a>	Existing Employee List



## Section 3 – Attachments Guide for HOME Projects

Attachment & Name	Provided to:	Completed by:	Submit with:
<a href="#">Attachment B</a> – How, When, Where, and to Whom Section 3 Applies	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>Subrecipient/ Developer keeps for reference</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>
Attachment & Name	Provided to:	Completed by:	Submit with:
<a href="#">Attachment A.1</a> – Attachments Guide for Section 3 (HOME)	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract</li> </ul>
<a href="#">Attachment C</a> – Recipient Section 3 Compliance Checklist	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract</li> </ul>
<a href="#">Attachment D</a> – Contractor/ Subcontractor Section 3 Compliance Checklist	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract</li> </ul>
<a href="#">Attachment E</a> – Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability	<ul style="list-style-type: none"> <li>Sub Recipient/ Developer</li> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract, if applicable</li> </ul>
<a href="#">Attachment G</a> – Section 3 Clause	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract</li> </ul>
<a href="#">Attachment H</a> – Contractor/ Subcontractor Section 3 Compliance Plan	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract</li> </ul>
<a href="#">Attachment I</a> – Contractor Compliance Form	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract</li> </ul>
<a href="#">Attachment L</a> – Existing Employee List	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with contract</li> </ul>

Attachment & Name	Provided to:	Completed by:	Submit with:
<a href="#">Attachment F</a> – Resident Employment Opportunity Data	<ul style="list-style-type: none"> <li>• Subrecipient/ Developer</li> <li>• Contractor/ Subcontractor</li> <li>• Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>• All new hires</li> <li>* Must be completed by all new hires and submitted to DCS by contractor</li> </ul>	<ul style="list-style-type: none"> <li>• Submit with every draw, if applicable (new hire)</li> <li>* If there is a new hire, fund requests will be withheld until this documentation is submitted</li> </ul>
<a href="#">Attachment K</a> – Section 3 Contracting Opportunities for Each Financial Draw	<ul style="list-style-type: none"> <li>• Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>• Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>• Submit with every draw</li> <li>* Fund requests will be withheld until this documentation is submitted</li> </ul>
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\*Definitions per 24 CFR 135:

Contractor means any entity which contracts to perform work generated by the expenditure of section 3 covered assistance, or for work in connection with a Section 3 covered project.

Employment opportunities generated by section 3 covered assistance means all employment opportunities generated by the expenditure of section 3 covered public and Indian housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in§ 135.3(a)(1)). With respect to section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with section 3 covered projects (as described in§ 135.3(a)(2)), including management and administrative jobs connected with the section 3 covered project. **Management and administrative jobs** include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Name	Title	
Signature		Date

## Section 3 – Attachments Guide for CDBG Projects

Attachment & Name	Provided to:	Completed by:	Submit with:
<a href="#">Attachment B</a> – How, When, Where, and to Whom Section 3 Applies	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>Subrecipient/ Developer keeps for reference</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>
<a href="#">Attachment C</a> – Recipient Section 3 Compliance Checklist	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> </ul>	<ul style="list-style-type: none"> <li>Submit to DCS after contract award</li> </ul>
Attachment & Name	Provided to:	Completed by:	Submit with:
<a href="#">Attachment A.2</a> – Attachments Guide for Section 3 (CDBG)	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with bid packages</li> </ul>
<a href="#">Attachment D</a> – Contractor/ Subcontractor Section 3 Compliance Checklist	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> <li>Management and Administrative Jobs*</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with bid packages</li> </ul>
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<a href="#">Attachment G</a> – Section 3 Clause	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with bid packages</li> </ul>
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<a href="#">Attachment L</a> – Existing Employee List	<ul style="list-style-type: none"> <li>Subrecipient/ Developer</li> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Contractor/ Subcontractor</li> </ul>	<ul style="list-style-type: none"> <li>Return signed original with bid packages</li> </ul>

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\*Definitions per 24 CFR 135:

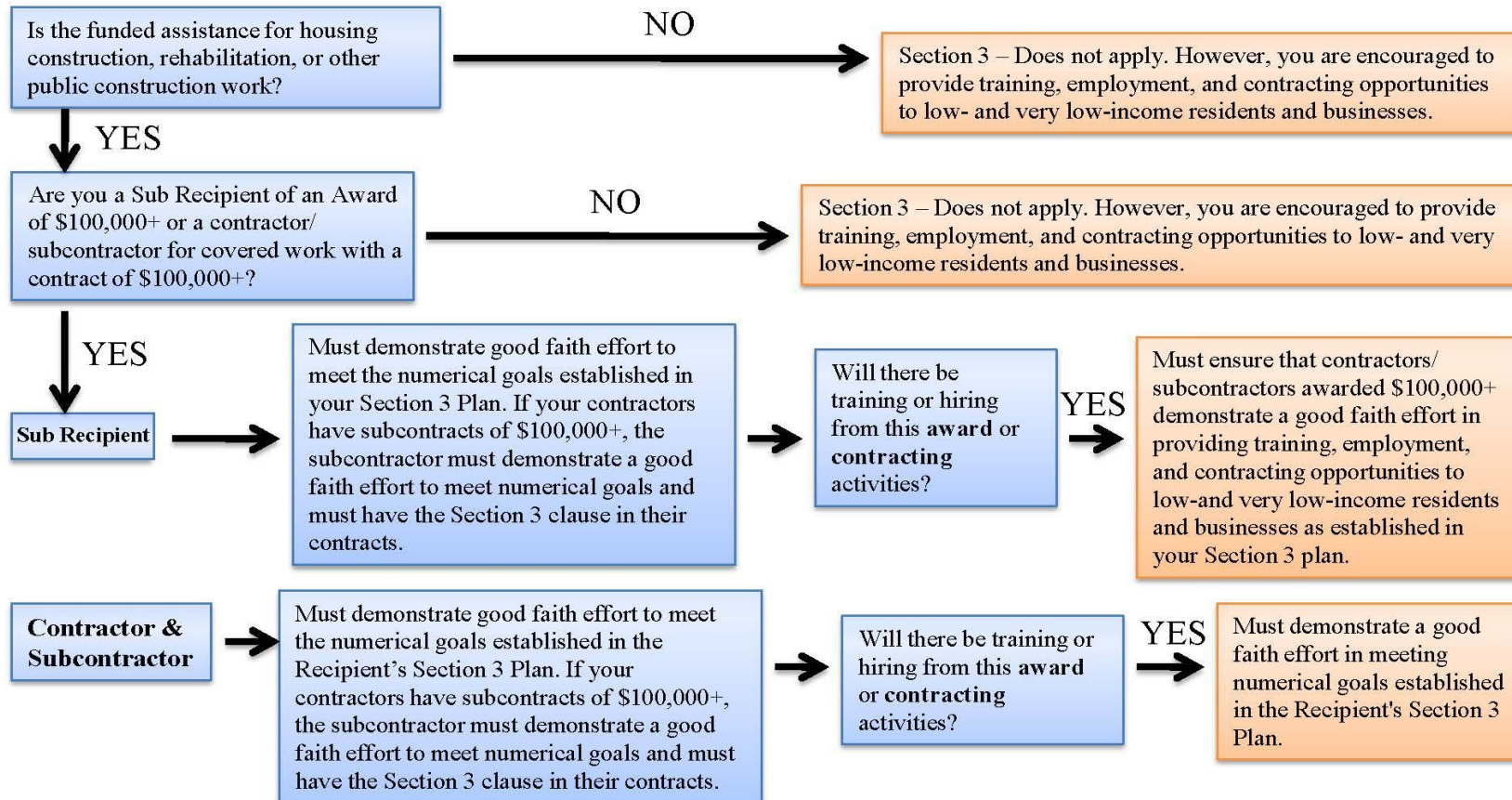
Contractor means any entity which contracts to perform work generated by the expenditure of section 3 covered assistance, or for work in connection with a Section 3 covered project.

Employment opportunities generated by section 3 covered assistance means all employment opportunities generated by the expenditure of section 3 covered public and Indian housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in § 135.3(a)(1)). With respect to section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with section 3 covered projects (as described in § 135.3(a)(2)), including management and administrative jobs connected with the section 3 covered project. **Management and administrative jobs** include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Name	Title	
Signature		Date

## Section 3 Flow Chart

Use the following chart to determine if your project is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended.



**Sub Recipient = Developers, Local Government (Cities/Counties), Nonprofits, CHDO's**

Section 3 requirements apply to the entire project or activity funded with Section 3 covered assistance, regardless of whether the Section 3 activity is fully or partially funded with Section 3 covered assistance.

Attachment B

## Subrecipient (Subrecipient/Developer) Section 3 Compliance Checklist

As a subrecipient of this HUD assistance in excess of \$100,000, you are required to comply with Section 3. As a recipient of HUD assistance, you are obligated to meet the safe harbor goals even if none of your contracts exceed \$100,000.

Section 3 requires that you and your contractors and subcontractors with contracts of more than \$100,000 who hire or award contracts associated with the project take steps so that low- and very low-income residents and Section 3 business concerns have an opportunity to benefit from the project.

Described below are steps you must take to ensure that you comply with Section 3 and against which you will be evaluated. Please initial each of the following items:

1. Include the Section 3 clause in your contracts.
2. Develop a list of Section 3 business concerns to use in selecting your contractors and to distribute to your contractors and persons you provide funds under this program. HUD Section 3 website has a sample of a form a business can complete for the DCS to determine whether it is a Section 3 business.  
<https://portalapps.hud.gov/Sec3BusReg/BRegistry/AmISection3.action;jsessionid=cM2ZzGSai-qdT9NJ1OmDobfS1PUKBUCBrQtXUKbyWVhYFOmbcj3c!2065546051>
3. Require your contractors and subcontractors to provide you copies of subcontracts over \$100,000 showing inclusion of the Section 3 Clause and retain them for later review by DCS, HUD, or their representatives.
4. If you hire employees for the project, provide documentation of your efforts to identify and provide training and employment opportunities to Section 3 residents. See 24 CFR Part 135 – Section 3 Requirements at the following link:  
<https://www.hudexchange.info/resources/documents/24-Cfr-Part-135-Section-3-Regulations.pdf> for examples of acceptable methods.
5. If you award contracts for more than \$100,000 you must take steps to provide contracts to Section 3 business concerns and document your efforts. See 24 CFR Part 135 – Section 3 Requirements at the following link: for examples of acceptable steps you can take.
6. If you or your contractors and their subcontractors encounter impediments in hiring Section 3 residents or awarding contracts to Section 3 business concerns, provide the DCS a written explanation of the impediments before any contracts are signed for the project.

7. Assemble items 3–5 above and retain them for review by the DCS, HUD, or their representatives.
8. Collect from your contractors and subcontractors with contracts over \$100,000 a completed “Section 3 Data Form” ([Attachment K](#)) regarding each entity’s efforts and success in providing training and employment opportunities to Section 3 residents, and contracting with Section 3 business concerns.
9. Submit the Section 3 Data Forms to the DCS after the bids have been received but before construction contracts are signed. If new subcontractors are hired, each subcontractor over \$100,000 must complete ([Attachment K](#)) and submit prior to contract being signed.

Subrecipient/Developer	Title	
Signature		Date



Contractor/Subcontractor  
Section 3 Compliance Checklist

This project requires that contractors and subcontractors with contracts of more than \$100,000 who hire or award contracts associated with the project must take steps so that low- and very low- income residents and Section 3 business concerns have an opportunity to benefit from the project. Described below are steps you must take to ensure that you comply with Section 3 and against which you will be evaluated. Please initial each item below:

1. Provide the recipient (the entity that contracted with you to perform work) copies of subcontracts over \$100,000 showing inclusion of the Section 3 Clause.
2. If you hired employees for the project, provide the recipient (DCS, Owner/Developer or Local Government) documentation of your efforts to identify and provide training and employment opportunities to Section 3 residents. See 24 CFR Part 135 – Section 3 Requirements at the following link: <https://www.hudexchange.info/resources/documents/24-Cfr-Part-135-Section-3-Regulations.pdf> for examples of acceptable methods.
3. If you award contracts for more than \$100,000 you must take steps to provide contracts to Section 3 business concerns and document your efforts. See 24 CFR Part 135 – Section 3 Requirements at the following link: <https://www.hudexchange.info/resources/documents/24-Cfr-Part-135-Section-3-Regulations.pdf> for examples of acceptable steps you can take.
4. If you encounter impediments in hiring Section 3 residents or awarding contracts to Section 3 business concerns, provide the recipient a written explanation of the impediments prior to awarding any contracts.
5. If you were unable to meet your numerical goals of 30% new hires, 10% of the total dollar amount of all Section 3 covered contracts for building trades work in connection with housing rehabilitation, housing construction and other public construction and 3% of the total dollar amount of all other section 3 covered contracts to Section 3 businesses, demonstrate why it was not feasible to meet the numerical goals. Obtain items 1–4 above from each entity that you subcontracted with for more than \$100,000 and provide it to the recipient (DCS, Subrecipient/Developer or Local Government).
6. You and each of your subcontractors with contracts over \$100,000 must complete a “Section 3 Data Form” ([Attachment K](#)) regarding each entity's efforts and success in providing training and employment opportunities to Section 3 residents, and contracting with Section 3 business concerns. You must collect the forms and submit them to the recipient (DCS, Subrecipient/Developer or Local Government) after the bids have been received but before construction contracts are signed. If new subcontractors are hired, submit the forms before their contracts are signed.

Print Name	Title	
Signature		Date



### Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability

Name of Business			
Address	City	State	ZIP Code
Type of Business <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Joint Venture			
Are you claiming Section 3 status for your business? <input type="checkbox"/> Yes (If yes, complete the form and attach all applicable documentation.) <input type="checkbox"/> No (If no, sign and date this form.)			

Attached is the following documentation as evidence of status:

For business claiming status as a Section 3 resident–owned enterprise: <input type="checkbox"/> Copy of resident lease <input type="checkbox"/> Copy of receipt of public assistance <input type="checkbox"/> Copy of evidence of participation in a public assistance program <input type="checkbox"/> Other evidence
For business entity as applicable: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input type="checkbox"/> Copy of Articles of Incorporation  <input type="checkbox"/> Assumed Business Name Certificate  <input type="checkbox"/> List of owners/stockholders and % ownership of each  <input type="checkbox"/> Latest Board minutes appointing officers  <input type="checkbox"/> Organization chart with names and titles and brief function statement         </div> <div style="width: 50%;"> <input type="checkbox"/> Certificate of Good Standing  <input type="checkbox"/> Partnership Agreement  <input type="checkbox"/> Corporation Annual Report  <input type="checkbox"/> Additional documentation         </div> </div>
For business claiming Section 3 status by subcontracting 25 percent of the dollar awarded to qualified Section 3 businesses: <input type="checkbox"/> List of subcontracted Section 3 business (es) and subcontract amount.
For business claiming Section 3 status, claiming at least 30 percent of their workforce are currently Section 3 residents or were Section 3 eligible residents within 3 years of date of first employment with the business: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input type="checkbox"/> Copy of Articles of Incorporation  <input type="checkbox"/> PHA/IHA Residential lease less than 3 years from day of employment         </div> <div style="width: 50%;"> <input type="checkbox"/> List of employees claiming Section 3 Status  <input type="checkbox"/> Other evidence of Section 3 status less than 3 years from date of employment         </div> </div>
Evidence of ability to perform successfully under the terms and conditions of the proposed contract: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <input type="checkbox"/> Current financial statement  <input type="checkbox"/> Statement of ability to comply with public policy         </div> <div style="width: 50%;"> <input type="checkbox"/> List of owned equipment  <input type="checkbox"/> List of all contracts for the past two years         </div> </div>

Print Name	Title
Signature	Date

## Resident Employment Opportunity Data

## Eligibility for Preference

## Eligibility for Preference

A person seeking preference in training and employment provided by this part shall certify, or submit evidence to the recipient, contractor, or subcontractor, if requested, that the person is a Section 3 resident, as defined in Section 135.5. The person seeking preference bears the responsibility of providing evidence. (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

- ☐ I do not wish to claim preference in training and employment as a Section 3 Resident.  
(Sign and date below)

Certification for Resident Seeking Section 3  
Preference in Training and Employment

I, \_\_\_\_\_ am a legal resident of the  
\_\_\_\_\_ and meet the income eligibility  
guidelines for a low- or very-low-income person as published on the reverse.

My permanent address is:

\_\_\_\_\_

I have attached the following documentation as evidence of my status:

- ☐ Copy of Lease      ☐ Copy of Receipt of Public Assistance
- ☐ Copy of Evidence of Participation in a Public Assistance Program      ☐ Other Evidence

Print Name	Title	
Signature		Date

### SECTION 3 INCOME LIMITS

All residents of public housing developments of the Housing Authority qualify as Section 3 residents. Additionally, individuals residing in the County of \_\_\_\_\_ meet the income limits set forth below can also qualify for Section 3 status.

A picture identification card and proof of current residency is required.

Eligibility Guideline		
Number in Household	Very Low Income	Low Income
1 individual		
2 individuals		
3 individuals		
4 individuals		
5 individuals		
6 individuals		
7 individuals		
8 individuals		

### Section 3 Clause

All Section 3 covered contracts shall include the following Section 3 clause:

1. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
3. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
5. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
6. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

7. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

Print Name	Title	
Signature		Date

### Contractor/Subcontractor Section 3 Compliance Plan

1. The undersigned Contractor/Subcontractor for the \_\_\_\_\_ project hereby agrees to implement at least the following steps directed at increasing the utilization of Section 3 residents and Section 3 business in accordance with 24 CFR Subpart A Part 135.1 To attempt to recruit from within the project area Section 3 residents through: local advertising media, signs placed at the proposed site for the project and community organizations and public or private institutions operating within or serving the project area.
2. To seek the assistance, where necessary, in implementing a Section 3 compliance plan.
3. To maintain a list of all Section 3 area residents who have made application for employment either on their own or on referral from any source, and to employ such persons, if otherwise eligible and if a vacancy exists.
4. To maintain and provide the information requested during the closeout report.
5. To include this Section 3 compliance plan in all bid documents and to require all bidders to submit a Section 3 compliance plan including utilization goals and the specific steps planned to accomplish these goals.
6. In the case of a general contractor, to insure that all Section 3 business concerns within the project area are notified of pending sub-contractual opportunities.
7. To require all subcontractors to complete the Contractor Compliance Form before awarding any contracts.
8. To maintain records, including copies of correspondence, memoranda, etc., which document all the steps taken to recruit Section 3 residents and Section 3 subcontractors from within the project area.
9. To provide the information requested on Contract Compliance Activity Report related to contractors and subcontractors notified and selected and the number of women and minority employees, the number of vacant positions and the positions filled with lower income project area residents.

As officers and representatives of \_\_\_\_\_  
Name of Contractor/Subcontractor

We, the undersigned, have read and fully agree to this Section 3 Compliance Plan, and become a party to the full implementation of this program.

Print Name	Title	
Signature		Date

## Contractor Compliance Form Section 3

**THIS FORM MUST BE COMPLETED BY ALL GENERAL CONTRACTORS AND SUBCONTRACTORS PROVIDING BIDS**

Development Name	Address	
City	State	ZIP Code

<b>SECTION I. CONTRACTOR INFORMATION</b>						
Name			Address			
City			State		ZIP Code	
Type of Business			North Dakota License Number			
Section 3 Business? <input type="checkbox"/> Yes <input type="checkbox"/> No		Women Business Enterprise (WBE)? <input type="checkbox"/> Yes <input type="checkbox"/> No		Minority Business Enterprise MBE? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Bidding as a: <input type="checkbox"/> General Contractor <input type="checkbox"/> Sub-Contractor, indicate General Contractor Name:						
Current Number of Employees		Current Number of Women Employees		Current Number of Minority Employees		
Enter employee's racial/ethnic code from below:						
Code Number	1	2	3	4	5	6
Racial/Ethnic Codes 1. White                                      2. Black/African American                                      3. American Indian/Alaskan Native 4. Asian                                      5. Native Hawaiian/Pacific Islander                                      6. Hispanic/Latino						
Total Dollar Amount of Bid (if exceeds \$100,000, complete Section II)						\$

<b>SECTION II. NEW HIRES WHEN BID EXCEEDS \$100,000 (must comply with section 3 requirements)</b>		
	Number of New Hires	Number of New Hires that are Section 3 Residents
Number of employees to be hired for this contract		
Number of professionals to be hired for this contract		
List Professional trade hired:		
Number of technicians to be hired for this contract		
List technician trade hired:		
Number of office/clerical to be hired for this contract		
Number of construction by trade to be hired for this contract		
List below each type of trade for which there were new hires. Add trades as necessary		
Plumber:		
Electrician:		

Carpenter:		
Masonry:		
Laborers:		
Other (specify):		
Total Number of Section 3 Trainees to be hired for this contract		
Number of Low-Income Project Area Residents (L.I.P.A.R.) to be hired for this contract		
1. Construction Contracts:		
a. Total dollar amount of all contracts awarded on the project	\$	
b. Total dollar amount of contracts awarded to Section 3 businesses	\$	%
c. Percentage of the total dollar amount that was awarded to Section 3 businesses		
d. Total number of Section 3 businesses receiving contracts		
2. Non-Construction Contracts:		
a. Total dollar amount all non-construction contracts awarded on the project/activity	\$	
b. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$	
c. Percentage of the total dollar amount that was awarded to Section 3 businesses		%
d. Total number of Section 3 businesses receiving non-construction contracts		

### SECTION III. SUMMARY

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low-and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

- ☐ Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located or similar methods.
- ☐ Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.
- ☐ Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.
- ☐ Other; describe below.

I hereby certify that it is the policy of the undersigned to comply with all existing laws prohibiting discrimination in all aspects of employment due to race, color, creed, sex, age, religion, national origin, marital status, receipt of public assistance or disability.

This shall be accomplished substantially by the following actions: Nondiscrimination in RECRUITING, HIRING, TRAINING, PROMOTING, SUBCONTRACTING, DEMOTION, LAYOFF, and/or TERMINATION.

General Contractor/Subcontractor Signature

Date

DCS does not discriminate on the basis of race, color, creed, national origin, sex, religion, age, disability, marital status, status with regard to public assistance, sexual orientation or familial status, in the employment and/or the provision of services.



## Section 3 Data

<b>SECTION I. NEW HIRES WHEN BID EXCEEDS \$100,000 (must comply with section 3 requirements)</b>		
	Number of New Hires	Number of New Hires that are Section 3 Residents
Number of employees to be hired for this contract		
Number of professionals to be hired for this contract		
List Professional trade hired:		
Number of office/clerical to be hired for this contract		
Number of construction by trade to be hired for this contract		
List below each type of trade for which there were new hires. Add trades as necessary		
Plumber:		
Carpenter:		
Electrician:		
Masonry:		
Laborers:		
Other (specify):		
Total Number of Section 3 Trainees to be hired for this contract		
Number of Low-Income Project Area Residents (L.I.P.A.R.) to be hired for this contract:		

<b>SECTION: II. CONTRACT</b>	
1. Construction Contracts:	
a. Total dollar amount of all contracts awarded on the project	\$
b. Total dollar amount of contracts awarded to Section 3 businesses	\$
c. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
d. Total number of Section 3 businesses receiving contracts	
2. Non-Construction Contracts:	
a. Total dollar amount all non-construction contracts awarded on the project/activity	\$
b. Total dollar amount of non-construction contracts awarded to Section 3	\$
c. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
d. Total number of Section 3 businesses receiving non-construction contracts	

SECTION: III. Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located or similar methods.

Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.

Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.

Other; describe below.

I hereby certify that it is the policy of the undersigned to comply with all existing laws prohibiting discrimination in all aspects of employment due to race, color, creed, sex, age, religion, national origin, marital status, receipt of public assistance or disability.

This shall be accomplished substantially by the following actions: Nondiscrimination in RECRUITING, HIRING, TRAINING, PROMOTING, SUBCONTRACTING, DEMOTION, LAYOFF, and/or TERMINATION.

Owner/Professional/General Contractor/Subcontractor Signature

Date

Public reporting for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

### SECTION 3 CONTRACTING OPPORTUNITIES FOR EACH FINANCIAL DRAW

NORTH DAKOTA DEPARTMENT OF COMMERCE

## DIVISION OF COMMUNITY SERVICES

SFN 60977 (11/15)

List Contracting Opportunities for both Construction and Non-Construction Contracts.

[illegible]

## Construction Contract Opportunities

Total Dollar Amount of Construction Contracts Awarded	\$
Dollar Amount of Construction Contracts Awarded to Section 3 Businesses	\$
Number of Section 3 Businesses that Received Construction Contracts	

### Non-Construction Contract Opportunities

Total Dollar Amount of Non-Construction Contracts Awarded	\$
Dollar Amount of Non-Construction Contracts Awarded to Section 3 Businesses	\$
Number of Section 3 Businesses that Received Non-Construction Contracts	

Describe attempts made to meet Section 3 Goals
--

## EXISTING EMPLOYEE LIST

ENTITY NAME				
ROLE (Check One)	<input type="checkbox"/> Subrecipient	<input type="checkbox"/> Developer	<input type="checkbox"/> Contractor	<input type="checkbox"/> Subcontractor
PROJECT NAME		INSTRUMENT NUMBER		
PROJECT LOCATION				
List All Current Employees as of the date of the award:				
Employee Name	Identifier*	Address	Hire Date	Job Category**
I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief.				
Name	Title		Date	

\*Identifier used for employees (i.e. employee ID number, last four of SSN, etc.) DO NOT use complete SSN's

\*\* Examples include: Administrative, Carpentry, Case Management, Clerical, Electrical, Facilities/Maintenance, Laborers, Masonry, Plumbing, Professional, Bookkeeping, IT, Sales, Other (Specify above)